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France Responds to Dairy Crisis - New Measures and CAP Proposals

Report Categories:

Agricultural Situation

Dairy and Products

Policy and Program Announcements

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Report Highlights:

France's newly appointed Agricultural Minister announced short-term emergency measures to support French dairy farmers' income. He also proposed long-term plans to modernize the regulatory and economic environment of the European dairy industry.

General Information:

On September 15, 2009, France's newly appointed Agricultural Minister, Bruno Le Maire, announced short-term emergency measures to support French dairy farmers' income. He also

proposed long-term plans to modernize the regulatory and economic environment of the European dairy industry. These actions are to tackle the financial strains of dairy farmers, who are suffering from both historical low market prices and reduced support from the Common Agricultural Policy (CAP).

Minister Le Maire proposed three short term measures: 30 million Euros of emergency subsidies for dairy farmers, 30 million Euros for dairy, livestock and poultry breeders to target young farmers and new investors, and 70 percent of CAP payments to farmers two months earlier than anticipated (October rather than December). The long-term intentions for French agriculture under this proposal include stabilizing farmers' income by incorporating a new bill to modernize agriculture, and consulting with banks and insurers on farmers' income and farm social security system the Mutualite Sociale Agricole - MSA.

On a broader scale, Minister Le Maire stated that France would propose in the EU new measures to reduce the impact of world price volatility on the European industry. The proposed measures include the creation of an European futures market for butter and milk powders, consolidation of farmers groups, and utilizing producer organizations to be stronger in their price negotiations with dairy processors. The long-term orientation for EU dairy policy would be to increase regulation to protect the dairy industry from the high volatility of the world market, reject the reinstatement of milk production quotas, and create new regulating tools. Due to the importance of food security, Minister Le Maire seeks to replace the current CAP with an Agricultural Food European Policy that would encompass agricultural commodities and value-added food products.